

Infrastructure-Sustainable Development

1. SUSTAINABLE DEVELOPMENT

1.1. Capital City, Urban Center 1 and Local Regions

1.1.1. Intent

The Assessment Team conducted an initial sustainable development assessment of the population centers near the proposed concession sites to identify:

Stakeholders

Community needs and access to services, i.e. medical facilities, educational opportunities, employment/commerce
Current community capabilities and skills
Previous/ongoing development projects

The W7 team contends that development harmony between the National, Provincial, Territorial, and local stakeholders will ensure 1) minimal program conflicts; 2) sharing of the development effort between governmental, non-governmental, and commercial entities; and 3) best value for our client in sustainable development funding.

1.1.2. Scope

The review period for this assessment was late April to mid-May 2007 covering interviews and commentary regarding the development of several industrial sites around the Capital City and several Urban Centers throughout the country.

1.1.3. Background

Bottom line up front, the majority of the governmental and non-governmental entities with whom the team engaged agreed that the top five requirements in rural regions were access to:

- Clean water
- Electricity
- Adequate health care
- Primary/Secondary Education
- Technology and training focused on increasing agricultural development

1.1.4. Operating Environment General Background

Over the past 28 days the team traveled through the region identifying and meeting with as many of the stakeholders in the proposed concession areas as possible. The team toured a variety of facilities in the area including schools, clinics/hospitals, government offices, NGO/CBO spaces, and local businesses. The most striking observation noted by the Assessment Team while visiting the various communities was the desire of all the people to better their surroundings. From the politicians to the average villager, the team encountered many locals who welcomed the team's presence with a consistent theme of

“how soon do you expect your clients operations to begin” and how can “we” work together to develop “our community”. Some were interested in our client’s ability to employ people directly in their operations, others looked forward to our client working with their local leadership and NGO/CBOs, and the business community welcomed the opportunity for increase commerce. In the end, all were encouraged with the thought of a company giving back to the community in order for change, in the form of sustainable development, to take root.

During interviews with a variety of government officials throughout the country, the team learned of recent changes in the political environment regarding how public officials are now being held more accountable to their constituents. Provincial governors are now elected and as such, are more concerned with public perception than in the past. The team observed this first-hand during the meeting with a local Governor. The governor arranged for media coverage, thus ensuring public awareness of potential client operations in his province. Television, radio and print media were on hand covering the meeting, along with a post event question and answer period during which both the governor and a W7 representative (speaking for the client) were interviewed. This new environment works in our client’s favor, and is in line with the company philosophy of operating in an open and transparent manner.

Many of the officials interviewed spoke of impending changes taking place at the national level to ensure a larger portion of tax collected on revenue is distributed back to the communities most affected and involved in the operations. Capitalizing on the local government’s desire to appear more responsive to the needs of the community, engaging and giving the community a stake in the development process, initiating sustainable development projects in coordination with identified stakeholders, and articulating the process and successes via a properly formulated strategic communications plan is a win-win for all involved.

1.1.5. Sustainable Development and Security

Proper planning, coordination, monitoring and evaluation of proposed sustainable development projects, as well as incorporating a focused media campaign, should be conducted throughout the operation’s lifecycle in order to reduce the likelihood of any negative perceptions of our client’s operations. Failing to address issues early in the process may cause a sense of disenfranchisement among the population, leading to increased tension and potentially disruptive or violent behavior by some members of the community. A coordinated and considerable sustainable development program will benefit local communities and will improve our client’s image. When properly implemented it should not only support but become a vital part of our client’s comprehensive mining security program; this becomes more essential in post-conflict areas of this country.

The size of illicit activities within the country is difficult to ascertain, but the consensus of the majority of personnel interviewed during this assessment was that the workers performing ‘illegal’ manufacturing work in the region were not violent, just desperate for work. Local codes strictly prohibit illegal activities, and the government is required to keep manufacturing operations legal—however, according to local officials, “tactical” attempts to clear illegal workers had not proved effective in other regions. The team was provided insight about an area where a South African security firm had been perceived to be ‘heavy handed’ when dealing with illegal workers within their manufacturing sites. This approach was not well received by legal or illegal workers, and in the end the manufacturing company lost the support of the local population. One official stated that, from their experience working in a variety of locations, a better approach was through community development and the legal employment of the illicit workers and within their

communities.

The Assessment Team agrees with a recent report by the UN, which stressed the need to incorporate development projects into companies' security plans: "Humanity will not enjoy security without development, it will not enjoy development without security, and it will not enjoy either without respect for human rights." (CIDSE Reflection Paper, January 2006) Given the country's history of poverty, human rights abuses, past exploitation of natural resources, and recent conflict--the effects of which are still causing suffering today--the assessment team contends that security will not be achieved without a plan that first and foremost integrates sustainable development.

In summation, the influx of capital into any community can act as a catalyst for change; the areas in which our client is considering operations are no different. If operations commence, local communities can expect to see an increase in jobs, commerce, and wealth along with a certain degree of infrastructure improvement. While our client operations should have a positive effect on the local communities, if not properly managed, these changes could cause considerable disruption, increase tension among the population or yield little in the form of long-term progress. By looking at the security environment through the development prism, our client may mitigate potential problems before they arise.

1.2. Urban Area 1

Other than a brief encounter with the local Ambassador to South Africa, team members did not have the opportunity to meet with government officials on the national level. All information regarding the local national government was obtained either through personal interviews or research. The following individuals were interviewed in the Capital City:

Bob – USAID, Lead

Jeff – USAID, Lieutenant

Greg - Economic Advisor, US Embassy,

Don - Medical Lead, US Embassy,

Doctor Rob - Medical Director, Local hospital

Francine - Director, Enterprising Solutions Group International,

Richard - Lead of PACT, NGO

Caroline - The Corporate Council on Africa, Washington DC-based HIV/AIDS prevention

1.2.1. Central Government Issues

Of interest to Sustainable Development efforts, the central government promised to provide provincial governments with 40% of tax revenue collected from operations; 25% of which is scheduled to go directly to the communities most affected by operations. As with any government operation, these tax revenues are to be utilized by the provincial and local governments to cover the costs related to government administration and infrastructure upkeep and development. Unfortunately, at the time of this writing, the national government was not following through with their plan and the tax revenue was not being distributed to the provinces.

Provincial governors are now elected, and unlike in the past when they were appointed by the central government, are more concerned with their public image. As a result, many governors have chosen to negotiate directly with companies instead of relying on the national government to disburse tax revenue. Some have even taken action such as closing down important border areas used for trading in an attempt to force the capitol's politicians to be more responsive.

It is anticipated that the provinces are going to be realigned and redistributed from the current 12 into roughly 26 provinces—potentially bisecting concession areas with newly drawn provincial borders. This region is one of the smallest provinces, and it is not believed that this province, which encapsulates four of the five proposed industrial sites, would be split. However, these restructuring events should be followed closely as any redistricting may mean additional government officials with whom our client would need to coordinate.

1.2.2. NGO/GO Capacity for Sustainable Development

While in the Capital City, the Assessment Team attempted to understand which NGO's had previously operated within the region. Unfortunately, it appeared little if any development activity had occurred. When projects did come they were described as sporadic and specifically designed to provide more in the form of aid and less concerned with long-term development (this is in line with the assessment of the team after traveling to the region as well).

Most of the organizations approached seemed open to the idea of working with our client in the province, and were encouraged at the prospect of an industrial company working with them to bring true sustainable development to the region. Bob, USAID lead in the region said his organization had been looking at ways to assist the people in the area and would be open to suggestions. He asked if it would be possible for client personnel to stay in contact with him or his assistant Jeff, who had recently been given broader responsibilities in the region. USAID was interested in talking with client personnel after the assessment was complete due to USAID's limited number of personnel; thus, USAID has been unable to conduct a formal assessment in the region.

Tom suggested our client might want to consider working with PACT, a USAID-funded NGO with a good track record for teaming with manufacturing companies in the area. While attending a gathering at the US Ambassador's residence in the Capital City, he introduced the Assessment Team to Richard, the head of PACT. Tom explained that PACT currently had personnel working in the Eastern regions, and has worked closely with several other Fortune 500 companies on a variety of sustainable development projects in the area. Although PACT did not currently have personnel working in the region, Mr. Robinson said he would like to discuss potential development projects once the client had moved into the site development phase.

Another potential lead in the Capital City was Francine, Director of Enterprising Solutions Group. ESG is working to provide microfinance business loans through a fund supported by private donors. The loans would be provided directly to local based Microfinance Institutions (MFI). Francine began working on this local initiative in January of this year and sees great hope in the MFI arena.

At the time of her interview, Francine was screening potential MFI applicants, and expected to narrow the field by the end of May 2007. Selected MFIs will be provided training in order to standardize operations and ensure a sufficient level of competence. Initially ESGI will provide business loans in the Capital City; however ESGI planned to expand efforts to the rural areas in early 2008.

Funding is currently being provided by 3 major donors; however ESGI is eager to work with other companies in order to expand its offerings. Francine suggested ESGI would be willing to fast track a rural MFI program if a donor had specific requirements. Primary donors would be given board member positions in order to ensure capital distributed via

MFIs reaches their target location/programs.

While discussing the countries capacity/willingness to assist with sustainable development efforts, most personnel interviewed felt government corruption could be the limiting factor. The level of corruption was described as pervasive, infecting all levels of government. Specifically, Francine, who has worked with numerous African governments since 1999 creating microfinance programs, described local corruption as the worst she had ever experienced. Her refusal to take part in the corruption resulted in delays and the “slow walking” of paperwork and needed governmental approvals, sometimes adding weeks or months to project timelines.